



**ARIZONA STATE SENATE**  
*Fifty-Fifth Legislature, First Regular Session*

**AMENDED**  
**FACT SHEET FOR S.B. 1260**

property tax exemptions; statutory conformity

Purpose

Conditional on the voter approval of S.C.R. 1019, exempts, from property tax, the property of veterans with service or nonservice-connected disabilities who are Arizona residents. Updates property tax exemption amounts and household income limits to reflect the amount adjusted for inflation in tax year (TY) 2020.

Background

The property of Arizona residents who are widows, widowers, persons with disabilities or honorably discharged veterans with a service or nonservice-connected disability, is exempt from taxation to the extent allowed by the Constitution of Arizona and subject to the conditions and limitations prescribed by statute. Exemptions from property taxation for widows, widowers and persons with disabilities are allowed in the amount of: 1) \$3,000 if the person's total assessment does not exceed \$20,000; or 2) no exemption if the person's total assessment exceeds \$20,000. The Arizona Department of Revenue calculates changes in the exemption and household income limitations based on the average annual increase, if any, in the gross domestic product (GDP) price deflator in the two most recent complete state fiscal years using data provided by the U.S. Department of Commerce ([A.R.S. § 42-11111](#)).

The Legislature may exempt up to \$50,000 of the full cash value of personal property used for agriculture purposes or in trade or business ([Ariz. Const. art. 9, § 2](#)). The Legislature has codified an exemption for personal property used for agriculture purposes or in trade or business, which is adjusted for inflation and is currently valued at \$195,878 in TY 2021 ([A.R.S. § 42-11127](#)).

In 2020, the Joint Legislative Budget Committee issued a fiscal note on an identical measure and its companion measure which stated that the fiscal impact cannot be determined due to data constraints. The measures could increase the state's Basic State Aid cost for K-12 schools and reduce the cost of the Homeowner's Rebate program, but may have offsetting savings under the automatic school tax rate adjustments provided by under the state's Truth-in-Taxation provisions ([JLBC fiscal note](#)).

Provisions

1. Exempts the property of a veteran with a service or nonservice-connected disability who is an Arizona resident from property tax, in the following amounts:
  - a) \$4,117, if the person's total assessment does not exceed \$27,970; or
  - b) no exemption if the person's total assessment exceeds \$27,970.
2. Limits the \$4,117 property tax exemption for a veteran with a service or nonservice-connected disability who is an Arizona resident, by multiplying the total exemption amount by the percentage of the veteran's disability, as rated by the U.S. Department of Veterans Affairs.

3. Requires a veteran with a service or nonservice-connected disability who is an Arizona resident to initially establish eligibility for the property tax exemption by filing an affidavit with the county assessor.
4. Limits the property tax exemption to the maximum allowed to a veteran with a service or nonservice-connected disability who is an Arizona resident, even if the individual is eligible for an exemption in more than one category.
5. Updates, from \$50,000 to \$195,878, the exemption amount for property used in trade or in business or for agricultural purposes to reflect the amount adjusted for inflation in TY 2021.
6. Updates the household income limits to:
  - a) \$34,301 from \$25,000, if no children under 18 years old reside with the claimant; or
  - b) \$41,151 from \$30,000, if one or more children under 18 years old or a claimant's child who has a total and permanent physical or mental disability resides with the claimant.
7. Defines *veteran* as an individual who has served in, and been discharged, separated or released under honorable conditions from, active or inactive service in the uniformed services of the United States, including:
  - a) all regular, reserve and national guard components of the U.S. Army, Navy, Air Force, Marine Corps and Coast Guard;
  - b) the commissioned corps of the National Oceanic and Atmospheric Administration;
  - c) the commissioned corps of the U.S. Public Health Service;
  - d) a nurse in the service of the American Red Cross or in the Army and Navy Nurse Corps; and
  - e) any other civilian service that is authorized by federal law to be considered active military duty for the purpose of laws administered by the U.S. Secretary of Veterans Affairs.
8. Conditions the enactment of this legislation on the Constitution of Arizona being amended as prescribed in S.C.R. 1019, Fifty-fifth Legislature, First Regular Session, by vote of the people at the next general election.
9. Makes technical and conforming changes.
10. Becomes effective on the general effective date or later, subject to the provisions of the conditional enactment.

Amendments Adopted by Committee

- Inserts the correlating resolution for the conditional enactment.

Amendments Adopted by Committee of the Whole

1. Updates the exemption amount for widows, widowers, persons with a disability and veterans with a service or nonservice-connected disability to reflect the present-day amount of \$4,117.
2. Updates the exemption amount for property used in trade or in business or for agricultural purposes to reflect the present-day amount of \$195,878.
3. Updates the total assessment limit and the household income limit to reflect the present-day amounts.

Senate Action

FIN                      2/03/21      DPA      8-2-0

Prepared by Senate Research  
February 24, 2021  
MG/gs